Kwiatkowski’s choice of Lipiński to head his institute was an inspired one. Lipiński was as energetic in economic research and theory as his patron was in industrial construction. Edward Lipiński was born in 1888 into the family of a sweet manufacturer. Orphaned at the age of 9, he had received a good education, gravitating in his later schooldays to the PPS-Lewica. Tadeusz Kowalik reports that, during the 1905–7 revolution that had so dramatically affected Kalecki’s family life, Lipiński found in a Warsaw bookshop the first Polish translation of volume I of Marx’s *Capital*. Unable to get beyond the first chapter, he decided to study economics, first in Leipzig, where he fell under the influence of the French anarcho-syndicalist thinker Georges Sorel, and then in Zurich. He returned to Warsaw in 1913, where he found employment in the exclusive Bank Handlowy w Warszawie. However, the job lacked intellectual stimulation. In the happy phrase of Tadeusz Kowalik, ‘fatigued and exhausted by incessant calculations’ Lipiński resigned to take up a job as a history teacher in a secondary school.

Lipiński’s political activities with PPS and with a small group in Warsaw called *Plenum* gave him scope to develop his economic ideas. However, the intellectual environment among Polish economists teaching at universities was conservative and derivative. This was partly to do with Poland’s distance from the main political capitals, Berlin, Moscow, Vienna and London, where arguments on political economy and method were concentrated. Partly it was also due to the neglect of Polish universities under the rule of Germany, Russia and Austria. A social factor breeding conservatism was the German system of academic hierarchy that had been established in Polish universities; it required the acquisition of successive degrees – *magister*, doctor, and a *habilitation* – before an academic could teach and research independently. The
years spent in intellectual and often personal servitude to an established professor were usually enough to purge any troublesome originality from the mind of an academic. In the medieval university in Kraków, the Jagiellonian University, established in 1364, social etiquette made it difficult for anyone who was not of gentry origin to acquire professorial status. One of the few ways for an ambitious scholar of more humble origin, say the son of a wealthy manufacturer (as Oskar Lange was), to do this was to marry his professor’s daughter and in this way acquire gentry status. In addition the *numerus clausus* quotas on Jews ensured that Jewish students had to be much cleverer than their Gentile fellow students to get into university but then had even fewer possibilities of advancement. In this way, as Poland achieved its independence in 1918, a caste-like professoriate protected economics faculties in Polish universities from intellectual controversies that lacked pedigree or at least ten years of research, preferably abroad. Lively, educated minds gravitated to discussion groups, such as *Plenum*, and the movement for free universities that appeared in the main population centres.

The leading university departments of economics in independent Poland were at the universities of Poznań and Kraków and, from its incorporation in 1924 as an autonomous university, the School of Commerce in Warsaw (*Szkoła Główna Handlowa*, or SGH). Under its leading professor, Edward Taylor (despite the name, a thoroughly Polish economist), Poznań propagated the economics of the Lausanne School—the mathematical and neoclassical general equilibrium theories associated with the Lausanne economists Léon Walras and Vilfredo Pareto. In Kraków the leading professor Adam Krzyżanowski promoted the liberal market economics of English classical political economy. At SGH the mathematical economist Władysław Zawadzki, who also held a chair at the University of Wilno, adhered to the principles of the Lausanne School and later became a founder member of the Econometric Society. The only competition to the liberal and mathematical thought in economics was provided by the adherents of the German historical school of economics, among whom a notable figure was the politician and agrarian economist Władysław Grabski (1874–1938) who, as minister of finance in 1924, was responsible for reducing the post-war inflation and stabilising (perhaps even equilibrating) the Polish currency.

From 1923 Edward Lipiński taught business cycle theory at SGH. Later in the 1930s, he also lectured on the history of economic thought at the University of Warsaw. However, like Tennenbaum, he was not content merely to pass on to Polish students the conventional wisdom that was created abroad. Lipiński was also willing to encourage and promote